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Orion CEO Eric Clarke

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Q&A: Orion CEO Eric Clarke on a Replacement, Retirement and the Future

The departing executive spoke about his reasons behind the move; the search for a replacement; the highs and lows of his tenure; what's next for him, Orion and the industry at large; and more.

Rob Burgess | Jul 07, 2023

In May, Orion Advisor Solutions CEO Eric Clarke informed the board of directors of his intention to retire by the end of 2023. The company confirmed Charles Goldman, executive chairman of the board, will be leading the search for a new CEO, along with the board's search committee. Clarke will continue as Orion's CEO until the successor is in place. After that process is complete, Clarke will assume a supporting leadership role until the end of 2023 and continue beyond year-end providing strategic direction and counsel as a member of Orion's board.

The surprise announcement capped a nearly quarter-century run since the company was founded in 1999. Clarke has grown Orion from its role as a portfolio accounting and reporting system and into an RIA technology juggernaut offering firms many different categories of tools from financial

planning to risk measurement and analytics and is a strong competitor to Envestnet. His time includes oversight of many acquisitions and their integration into the larger Orion ecosystem from planning firm Advizr to risk technology vendor HiddenLevers, to popular CRM provider Redtail. Orion currently has \$3.6 trillion in assets under administration on its platform across 2,400 RIA or wealth management firms. Its Redtail acquisition has added another 100,000 advisors and over 19,000 firms as clients.

Clarke took the time to speak with WealthManagement.com about his reasons behind this move; the search for a replacement; the highs and lows of his tenure; what's next for him, Orion and the industry at large; and more.

WealthManagement.com: Can you give me any more insight into what went into your decision to step down from your current position by the end of the year? And why now?

Eric Clarke: It has been more of a lifestyle than a job, so to speak. I've been 100% focused on this business for essentially 24 years. And at this point, I decided that ... with Charles Goldman coming into our board, he got familiar with the business. We asked him to serve as the chairman of our board. I thought here will never be a better time than now to look for making a transition and having someone else come in and assume the day-to-day responsibilities. It's been over eight years ago that we sold the majority of the business to TA Associates (a Boston-based private equity shop specializing in the technology, financial services, business services, health care and consumer industries) and we did a recapitalization ... bringing in a second private equity partner in Genstar. So, we have incredible board members and between our board and Charles' leadership and our broader executive team, I thought now was a better time than ever to make a change and to bring in someone to help continue Orion's trajectory of success and see if we can't continue to take this business to the next level and our ability to support independent advisors.

WM: I know your family is very important to you both personally and in business. What exactly did they have to say when you informed them of your decision?

EC: They were excited. Really happy. My wife was excited for two days. Now she has a look of fear on her face when she sees me, wondering what she's going to do with me come January. As far as our family goes, our family was instrumental in founding and running this business, some of the broader businesses that we've had. We've had incredible advisor partners that have given us unbelievable feedback and they have become like family

I would say. That's really what I meant by the fact that the business is a lifestyle. It's not just the hours that you put in it, it's also the friendships that you make along the way. One of the things that I worried about was, well, OK, these advisors are some of my best friends and what is going to happen to those friendships that have been developed over decades? And I have been just overwhelmed with gratitude for their support of my desire to focus more on my family and less on the business day to day. I can tell you that hasn't happened yet. I'm still 100% dedicated and all in on everything Orion while we go through this search process, but it is an exciting step for me, from a family perspective. I'm excited to be able to spend some more time with my four kids and my extended family.

WM: How is the search for a replacement going? I know you already mentioned Charles Goldman, who is leading the efforts. Are you looking internally, externally or both? Do you have any specific candidates yet?

EC: We have hired a search firm, Heidrick & Struggles. ... We have internal candidates, about half a dozen, that have applied. Members of our executive team here at Orion are interested in advancing their careers and taking that next step, so we have very strong internal candidates. Candidates that I'm excited about. We also have a broad set of interested external candidates. Which is really humbling to me. I'm very optimistic about our ability to bring someone in that will just do a superb job of serving the advisors that we work with.

WM: What do you see as the specific challenges your replacement will face? What advice would you give them to navigate these challenges?

EC: First and foremost, the Orion business has been built on a culture of being innovative. That's incredibly important that we help our advisors stay on the cutting edge. We are, first and foremost, a technology business. So, being innovative is incredibly important. To this juncture we have had a fair bit of success I would say at being disruptive to traditional ways of thinking and being disruptive to being inside the box so to speak. And as we do a good job of innovating and looking for new ways to do things, it seems that we've created more than our fair share of wins. Wins for the advisors that we serve, and we had the opportunity to win more than our fair share of deals to work with advisors. We support over \$3.5 trillion of assets on our technology platform, so that presents a broad array of opportunities as to what we can do to help those advisors.

No. 1: Accelerate their growth. How do we help these advisors use technology to create a winning client experience, and create operational efficiencies that will widen their margins? And after helping them accelerate their growth and increase their margins.

No. 2: I think that we need to be looking for additional services and capabilities that we can be providing those advisors through a broader suite of technology. We have done over six acquisitions in the past three years. Those acquisitions present us the ability to provide a suite of technology services, and technology capabilities and offer those in an integrated way and I think that focusing on how to help our advisors grow and integrate the technology that we've acquired, creating a great experience for our advisors I think sets the business up nicely for the next level of success to be achieved.

WM: What specific accomplishments are you most proud of during your time at Orion? Do you have any specific regrets or things you wish you had done differently?

EC: There are always things I think I wish I would have done differently. One thing I think we've done well is that we've tended to correct course quickly when we recognize that ... maybe that decision that we made wasn't the best thing. We, as an organization, have done a good job of making a pivot and moving in a direction that will better serve our advisors. Continuing to correct course quickly, I think, is important for any business because you learn more from your failures than you do your successes. If you fail quickly, then great, because the next opportunities will be yours to capture. We, of course, would have done a lot of things differently but in doing some of the less-than-stellar things we learned a lot from those. As I look back, some of the things that I've enjoyed the most about this business and things I'm most proud of are listening to our advisors and capturing their feedback, getting their input. I've found that as we would have ideas here at Orion if we did not seek out input from our advisors to tweak those ideas or build upon them, I would find that the development work that we did or the technology that we would roll out would be misaligned and it wouldn't be adopted and it would take us a couple of years for us to get things to gel with the advisors. So, we learned that ... when we have a great idea, to be innovative and put new ideas in the marketplace but we need to make sure that we are running these by our advisors and getting their feedback. And I would say that we have had a core group of advisors that have given us just stellar feedback over the years to help us build and grow our business. And I am proud of our organization's ability to partner with advisors. I think that's something I'm most proud of, I would say.

WM: What do you see as the specific challenges and opportunities for the wealth management industry moving forward?

EC: They're kind of the same thing, right? So, in life, you have things that while you're experiencing, feel like obstacles or maybe even some of life's biggest challenges, but you look back and it was a great opportunity. I would say one of the most frustrating times of my career was when we were looking for technology to support our family's RIA business. We were approaching a billion in assets in the mid-'90s and we could not find technology off the shelf that would support our needs. That's ultimately why I created Orion. It's easy to look back here ... that we were doing the search for technology and have that seem like, wow, what a great opportunity. And it was. It was probably the greatest opportunity in my life to do what we've done, but I would also say it was the biggest challenge that we had. It did not feel like an opportunity at the time. It was very painful to try and grow our RIA business beyond where we were without the technology that we needed to support that growth.

As I look for opportunities, obvious ones are around using AI to build narratives to support client engagements. I think in an industry dominated by advisors that have accounting and finance degrees, we need help communicating and AI is such a gem for helping advisors to know how to communicate and connect with clients in a very meaningful way. So, I'm excited for advisors to embrace to help them better connect that advisor-client journey and as our industry capitalizes on those opportunities, I think that we'll uncover additional areas of growth to reach even higher heights. I think AI is a tremendous opportunity. Not from the perspective of AI being a threat to replace the advisor, but AI is a catalyst for connecting the advisor with the client. That's a huge opportunity. ... We here at Orion ... we've done a lot of acquisitions. We now have portfolio accounting technology, CRM technology, client portal, planning, risk tech (and) compliance tech. We've acquired a lot of technology, what we felt were our best-in-class integration partners. Now, it's our opportunity to integrate those in ways that advisors would expect, ways that would be natural to accelerate our advisors' success.

Our advisors today, there's a lot of waste in the industry as we're entering information across multiple systems. Or not having the information that we need to power different aspects of our technology. And being able to connect those in rather obvious ways will drive outsized value back to the advisors that we serve. I think integration continues to be an opportunity. AI is an opportunity. I think our industry has an opportunity to include a broader set of clients that we can serve as we're using technology more effectively. ... Ultimately, at the end of the day, I'm a huge believer that the best way for an investor to achieve success is to be aligned with an advisor. To have someone helping them through those emotional times. Having someone help them through periods of market volatility. Having someone

help them with the major decisions and burdens that we face in life because of those financial situations that we find ourselves in.

So, I think this is a wonderful opportunity for our entire industry as we go forward. Talking about those things gets me excited and I do think that Orion's best days are the days ahead, and, quite frankly, the independent advisors that we serve, their best days are ahead as well.

WM: What is the best piece of advice you've ever personally received?

EC: I've had the opportunity to receive a lot of advice from a lot of different sources. I think that so often in life we are looking for an expected outcome. Early on I had the opportunity to hear Guy Kawasaki (a marketing specialist and venture capitalist who's infamous in Silicon Valley for marketing Apple's Macintosh computer line in the 1980s) speak at a Schwab IMPACT conference and he talked about his experience working at Apple Computer and the importance of stepping back and looking where the flowers are blooming. And sometimes they bloom in places that we don't expect. That observation about business was incredibly helpful to me because as a technology provider and as a service provider, sometimes our technology and services get used in ways that maybe we don't expect but as we look at where those flowers are blooming and then getting excited about that and seeing what else we can do to help make the most of those opportunities has been incredibly valuable to us. The reason that I say that that's the best advice I've ever received is that if you look at where we're at today as a business, it is so far different than what I ever imagined initially and it's because of that advice that we've been willing to pivot and grow and get excited about opportunities that maybe weren't initially expected on our part. But, as we step back ... we've seen a lot of flowers blooming in unexpected places. We've tried to make the most of those opportunities.